

# THE TORONTO STOCK EXCHANGE

31/10/68

FILING STATEMENT NO. 1656.

FILED, NOVEMBER 5th, 1968.

*file*  
HASTINGS MINING AND DEVELOPMENT CO. LTD.

Full corporate name of Company

Incorporated under the Quebec Mining Companies' Act on April 4, 1955

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953)

(Ontario) by Letters Patent dated May 1st, 1957).

## FILING STATEMENT

Reference is made to previous

Filing Statement No. 1131.

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	See SCHEDULE "A" on page 3.	
2. Head office address and any other office address.	Suite 1400 - 507 Place d'Armes Montreal, Quebec	
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	J. Jacques Beauchemin	355 Bloomfield Ave., Outremont, Montreal, Que. C. - President of the Company and other associated companies - Member of the legal firm Beauchemin & Valiquette.
	André Beauchemin	275 Montrose Blvd., St. Lambert, Quebec. Engineer - Executive Vice-President, formerly Secretary-Treasurer and Assistant to the President of the Company and other associated companies.
	Jean Beauchemin	141 Pagnuelo Ave., Outremont, Montreal, Que. Vice-President and Director of the Company and Director of other associated companies.
	Lucien C. Béliveau	3790 Vendôme Ave., N.D.G., Montreal, Quebec. Engineer - General Manager and Director of the Company and other associated companies.
	J. Guy Gauvreau	32 Beloeil Ave., Outremont, Montreal, Quebec. Brigadier General, D.S.O., E.D. Director of the Company and other associated companies. President of Concordia Estates Holdings Limited.
	Maurice Scott	146 Bedford Street, St. Lambert, Quebec. Engineer - Manager of Exploration of Sullico Mines Limited - Director of the Company and other associated companies.
	J. Albert Doyon	1649 Laird Blvd., Town of Mount Royal, Que. Director of the Company and other associated companies. Director of J.L. Levesque & L.G. Beaubien Ltée., Investment Dealers.
	Réal J. Lafleur	7180 Milan Blvd., Brossard, Quebec. Accountant - Secretary-Treasurer of the Company and other associated companies. Formerly Assistant Secretary-Treasurer.
	Fernand Cordeau	8040 - 22nd Avenue, Montreal 38, Quebec. C.A. - Assistant Secretary-Treasurer of the Company and other associated companies. Formerly Chief-Accountant. Previous to 1966 was with Clarkson, Gordon & Co. Chartered Accountants.



4. Share capitalization showing authorized and issued and outstanding capital.	Authorized - issued and outstanding 5,000,000 shares of \$ 1.00 Par Value
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	None
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	None
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	See Schedule "A" on page 3.
10. Brief statement of company's chief development work during past year.	N/A
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	N/A
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	N/A
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	N11
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	N/A



HASTINGS MINING AND DEVELOPMENT CO. LTD.FILING STATEMENT - OCTOBER 1968

1. Hastings Mining and Development Co. Ltd. has taken possession of the "Solbec Mine" together with other assets and liabilities of Solbec Copper Mines, Ltd. (hereinafter sometimes called "Solbec") (wholly owned subsidiary of Hastings) on September 1st, 1968, with distribution and winding-up procedures started by Solbec Copper Mines, Ltd. for that purpose.
2. A contract of sale dated October 18, 1968, with retroactive effect to September 1st, 1968, has been signed by both Hastings Mining and Development Co. Ltd. (hereinafter sometimes called "Hastings") and Sullivan Consolidated Mines Limited (hereinafter sometimes called "Sullivan") whereby Hastings is selling to and Sullivan is purchasing from Hastings, all the lands, the moveable and immoveable property, the mining leases, claims and concessions with all privileges and rights to take minerals therefrom, including the mining property of Solbec (hereinafter called "Solbec Mine"), located in Stratford Township, Wolfe County, Province of Quebec, buildings, contracts, agreements, securities, investments and other assets subject to liabilities, debts, wages owing, income taxes and mining duties assessments and other contingent liabilities whatsoever and wheresoever of the Company, except its cash money, the whole as of the effective date of September 1st 1968, and as shall be determined in an audited balance sheet of the same date by Beaulac, Hotte, Langlois, Bennett & Tétreault, Chartered Accountants, for a total consideration of \$ 3,854,505.61 to be paid on or before November 30th, 1968.
3. Hastings has covenanted to subscribe and pay for 800,000 new shares without Par Value of Sullivan Mines Ltd. (new proposed name of Sullivan Consolidated Mines Limited) at the price of \$ 5.00 per share to be paid on or before November 30th, 1968. The capital stock of Sullivan Consolidated Mines Limited (whose name shall be changed to Sullivan Mines Ltd. - Les Mines Sullivan Ltée), which is now of 4,000,000 shares of a Par Value of \$ 1.00 each, all issued and outstanding, shall be converted into 4,000,000 shares without Par Value, then increased to 5,000,000 shares without Par Value by the creation of an additional 1,000,000 shares. The 800,000 shares purchased by Hastings shall be allotted out of the said additional 1,000,000 shares. After giving effect to this issue to Hastings of these 800,000 shares of Sullivan, the outstanding capital stock of Sullivan shall be 4,800,000 shares without Par Value and Hastings shall then have an equity of 16.66% in Sullivan.
4. The agreement referred to in 2. and 3. above remains subject to automatic retroactive cancellation and rescission, in the event that a General Meeting of the Shareholders of Hastings and/or Sullivan both to be called for that purpose as soon as possible hereafter, would disapprove by resolution, the sale and purchase above mentioned; in that event, it is understood that the cancellation and rescission shall take place in such a manner that the agreement shall be deemed never to have existed, and that each party will refund and remit each to the other, whatever it may have paid or received pursuant to the agreement.
5. By-law No. 8 authorizing the company to distribute all of its assets to its shareholders proportionately to their holdings in the company, and by-law No. 9 authorizing the surrender of the Charter of the company, have been approved by the Directors of the company at a meeting held on October 18, 1968, subject to ratification by the shareholders at a Special General Meeting of the Shareholders called for November 21st, 1968.
6. After completion of the above mentioned transactions (items 1 to 4 inclusive) the practical result will be that Hastings' assets will consist of 800,000 shares of Sullivan, that is a 16.66% interest.  
The final result will be that the shareholders of Hastings will receive, upon the distribution of the assets, 16 shares of Sullivan Mines Ltd - Les Mines Sullivan Ltée, for each 100 shares held in Hastings.



# FINANCIAL STATEMENTS

## AUDITORS' REPORT TO THE SHAREHOLDERS

HASTINGS MINING AND DEVELOPMENT CO. LTD  
and its subsidiary: Solbec Copper Mines Ltd.  
Montreal, P.Q.

We have examined the balance sheet of HASTINGS MINING AND DEVELOPMENT CO. LTD and its subsidiary: Solbec Copper Mines Ltd. Montreal, P.Q. as at August 31, 1968 and the statements of earnings and retained earnings for the year ended on that date and have obtained all the informations and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of earnings, retained earnings and source and application of funds when read with the notes thereon present fairly the financial position of the company as at August 31, 1968 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding years.

*Beaulac, Hotte, Langlois, Bennett, Tetreault*  
BEAULAC, HOTTE, LANGLOIS, BENNETT, TETREAULT  
Chartered Accountants

Montreal, October 24, 1968

### HASTINGS MINING AND DEVELOPMENT CO. LTD.

and its subsidiary: Solbec Copper Mines Ltd.

(No Personal Liability)

(Incorporated under the Quebec Mining Companies Act)

### CONSOLIDATED BALANCE SHEET AS AT AUGUST 31, 1968

(with comparative figures as at August 31, 1967)

	<u>A S S E T S</u>	
	<u>AUGUST 31, 1968</u>	<u>AUGUST 31, 1967</u>
<u>CURRENT ASSETS</u>		
Cash on hand, in bank and demand deposit	127,214.71	134,333.04
Time deposits	-----	1,216,050.18
Marketable securities at market value:		
Bonds	1,494,221.25	1,485,612.50
Shares	9,200.00	10,000.00
Accrued interest receivable	15,446.15	20,125.76
Accounts and loan receivable	150,822.42	296,517.66
Income taxes recoverable	-----	105,000.00
Concentrates valued at estimated net return under firm sales contract less advances thereon	1,519,693.82	67,723.67
Ore in stock pile valued at cost of mining	-----	603,394.24
Mining and milling supplies valued at average cost	732,171.65	618,188.51
Prepaid expenses	6,357.65	10,967.20
Special refundable tax	15,086.53	-----
	<u>4,070,214.18</u>	<u>4,567,912.76</u>
<u>SPECIAL REFUNDABLE TAX</u>	-----	47,840.63
<u>INVESTMENTS</u>		
300,000 shares, Cupra Mines Ltd. valued at shareholders' equity	301,786.80	227,470.47
Other shares and debentures at cost	176,140.00	91,640.00
Advances	-----	110,000.00
	<u>477,926.80</u>	<u>429,110.47</u>
<u>FIXED ASSETS</u>		
Mining properties at cost	96,136.62	98,445.62
Buildings, plant and equipment at cost less depreciation of \$ 729,950.97	404,130.30	808,249.96
	<u>500,266.92</u>	<u>906,695.58</u>
<u>OUTSIDE EXPLORATION EXPENSES</u>		
less amortization	115.19	14,165.94
	<u>5,048,523.09</u>	<u>5,965,725.38</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

*Julius B. Buchanan*  
*Maurice Scott*



HASTINGS MINING AND DEVELOPMENT CO., LTD.

and its subsidiary: Solbec Copper Mines Ltd.

(No Personal Liability)

(Incorporated under the Quebec Mining Companies' Act)

CONSOLIDATED BALANCE SHEET AS AT AUGUST 31, 1968

(with comparative figures as at August 31, 1967)

L I A B I L I T I E S

	<u>AUGUST 31,</u> <u>1968</u>	<u>AUGUST 31,</u> <u>1967</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 416,124.24	334,305.79
Wages payable	23,604.31	18,394.15
Provision for income taxes and mining duties, less instalments thereon	<u>627,074.22</u>	<u>352,699.94</u>
	<u>1,066,802.77</u>	<u>352,699.94</u>
<u>CAPITAL STOCK</u>		
Authorized, issued and fully paid		
5,000,000 shares at 1.00 par value	5,000,000.00	5,000,000.00
Less discount thereon	<u>4,508,495.00</u>	<u>4,508,495.00</u>
	491,505.00	491,505.00
Retained profit as per statement	3,530,065.82	5,243,496.02
Unrealized appreciation on investments	<u>204,060.98</u>	<u>121,935.90</u>
	4,225,631.80	5,856,936.92
Less:		
Excess of cost over book value of subsidiary shares at date of acquisition	<u>243,911.48</u>	<u>243,911.48</u>
<u>SHAREHOLDERS' EQUITY</u>	<u>3,981,720.32</u>	<u>5,613,025.44</u>
	\$ <u>5,048,523.09</u>	<u>5,965,725.38</u>

HASTINGS MINING AND DEVELOPMENT CO., LTD.

and its subsidiary: Solbec Copper Mines Ltd.

(No Personal Liability)

CONSOLIDATED STATEMENTS OF OPERATIONS

for the year ended August 31, 1968

(with comparative figures as at August 31, 1967)

	<u>AUGUST 31,</u> <u>1968</u>	<u>AUGUST 31,</u> <u>1967</u>
<u>REVENUE FROM METAL RECOVERIES</u>		
Production	\$ 6,623,341.83	589,559.49
Less: cost of realization and freight	<u>2,469,883.83</u>	<u>78,912.78</u>
	<u>4,153,458.00</u>	<u>510,646.71</u>
<u>DEDUCT</u>		
Development and exploration expenses	18,475.83	3,465.43
Mining expense	1,120,618.47	458,126.71
Milling expense	524,434.64	11,412.51
Ore trucking	11,603.28	-----
General mine overhead	196,573.68	94,806.67
General administration expenses	133,177.77	83,908.69
Idle plant expenses, lock-out period	-----	210,315.92
Depreciation of buildings, plant and equipment	85,044.43	104,560.41
Amortization of pre-milling expenses	<u>338,172.84</u>	<u>51,373.06</u>
	<u>2,428,100.94</u>	<u>1,017,969.40</u>
<u>OPERATING PROFIT</u>	1,725,357.06	(507,322.69)
Profit or loss on sales of fixed assets	<u>2,042.87</u>	<u>303,686.40</u>
	<u>1,727,399.93</u>	<u>(203,636.29)</u>
<u>OTHER INCOME</u>		
Custom milling, administration, sundry	85,047.74	63,339.30
Dividends	320,575.04	360,575.04
Interest	<u>92,627.77</u>	<u>174,321.88</u>
	<u>498,250.55</u>	<u>598,236.22</u>
<u>PROFIT BEFORE TAXES</u>	2,225,650.48	394,599.93
Provision for Quebec Mining tax	268,601.30	-----
Provision for income taxes	<u>612,563.67</u>	<u>(105,000.00)</u>
	<u>881,164.97</u>	<u>(105,000.00)</u>
<u>CONSOLIDATED NET PROFIT FOR THE YEAR</u>		
Carried to retained earnings	\$ <u>1,344,485.51</u>	<u>499,599.93</u>



HASTINGS MINING AND DEVELOPMENT CO. LTD.  
and its subsidiary: Solbec Copper Mines Ltd.

(No Personal Liability)

CONSOLIDATED STATEMENT OF RETAINED PROFITS

as at August 31, 1968

(with comparative figures as at August 31, 1967)

	<u>AUGUST 31,</u> <u>1968</u>	<u>AUGUST 31,</u> <u>1967</u>
Balance at the beginning of the year	\$ 5,243,496.02	6,438,513.69
Add:		
Consolidated net profit for the year	1,344,485.51	499,599.93
Adjustment, taxes of prior years etc.	(58,070.71)	305,382.40
Adjustment, sundry expenses	<u>155.00</u>	
	6,530,065.82	7,243,496.02
Deduct:		
Dividends paid	<u>3,000,000.00</u>	<u>2,000,000.00</u>
	\$ <u>3,530,065.82</u>	<u>5,243,496.02</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended August 31, 1968

(with comparative figures for the year 1967)

	<u>AUGUST 31,</u> <u>1968</u>	<u>AUGUST 31,</u> <u>1967</u>
<u>WORKING CAPITAL</u> beginning of year	<u>4,215,212.82</u>	<u>4,730,869.50</u>
<u>SOURCE OF FUNDS</u>		
Net profit for the year	1,344,485.51	499,599.93
Depreciation	85,044.43	104,560.41
Amortization, pre-milling expenses	-----	51,373.06
Special refundable tax	47,840.63	1,273.57
Decrease in outside exploration expenditures	14,050.75	5,733.20
Net decrease in fixed assets	321,384.23	708,480.75
Advances repaid	110,000.00	-----
Adjustment, expenses and taxes of prior years	155.00	305,382.40
Increase in unrealized appreciation of investments	82,125.08	(24,673.05)
Adjustment, marketable securities	-----	29,113.05
	<u>2,005,085.63</u>	<u>1,680,843.32</u>
<u>APPLICATION OF FUNDS</u>		
Dividends paid	3,000,000.00	2,000,000.00
Adjustment, taxes of prior years	58,070.71	-----
Advances and purchase of shares and debenture	84,500.00	196,500.00
Appreciation, holdings of Cupra Mines, Ltd.	<u>74,316.33</u>	-----
	<u>3,216,887.04</u>	<u>2,196,500.00</u>
Net decrease	<u>1,211,801.41</u>	<u>515,656.68</u>
<u>WORKING CAPITAL</u> , end of year	\$ <u>3,003,411.41</u>	<u>4,215,212.82</u>

HASTINGS MINING AND DEVELOPMENT CO. LTD.

and its subsidiary: Solbec Copper Mines Ltd.

(No Personal Liability)

(Incorporated under the Quebec Mining Companies Act)

Notes to financial statements

Note 1. As of September 1, 1968 Solbec Copper Mines, Ltd. has transferred assets and liabilities to Hastings Mining and Development Co. Ltd. as a preliminary step towards the liquidation and winding-up of the company which was approved and ratified by the shareholders of Solbec Copper Mines, Ltd. at a meeting held on the 30th day of August 1968.



Note 2. A) Sullivan Consolidated Mines Limited has offered to purchase the net assets (excluding cash) of the company as of September 1, 1968. This transaction to take place after the acquisition by the company of the net assets of Solbec Copper Mines, Ltd. The consideration to be paid by Sullivan Consolidated Mines Limited will be the sum of \$ 3,854,505.61 representing total assets (excluding cash) less total liabilities of Hastings as at August 31, 1968.

Sullivan Consolidated Mines Limited will also undertake to indemnify Hastings Mining and Development Co. Ltd, Solbec Copper Mines, Ltd. and their directors against all claims, adjustments or additional liabilities which could affect the global amount payable for the net assets of the above mentioned companies.

B) Hastings Mining and Development Co. Ltd. has offered to subscribe for 800,000 shares without par value of the capital stock of Sullivan Mines Ltd. at the price of \$ 5.00 per share payable cash on or before November 30, 1968. Sullivan Consolidated Mines Limited has accepted this offer on the 30th of August 1968.

C) The transactions contemplated in paragraphs A and B above are subject to obtaining the required letters patent changing the name of Sullivan Consolidated Mines Limited to Sullivan Mines Ltd. and converting and increasing the capital stock of the said company.

The same transactions are also subject to obtaining the approval and ratification by the shareholders of the companies concerned as well as the approval where relevant of the appropriate Security Commissions and Stock Exchanges.

D) Any further adjustment or other contingent liabilities affecting the aggregate amount referred above shall at all times be for the account of Sullivan.

Note 3. Contingent liabilities. The company has received an assessment for additional tax on capital amounting to \$ 6,832.00. This assessment is being contested and no provision has been made in the accounts for this amount.

Note 4. By-law No. 8 authorizing the company to distribute all of its assets to its shareholders proportionately to their holdings in the company, and by-law No. 9 authorizing the surrender of the Charter of the company, have been approved by the Directors of the company at a meeting held on the 18th day of October 1968 and are to be ratified by the shareholders at a special general meeting called for that purpose to be held on November 21, 1968.

HASTINGS MINING AND DEVELOPMENT CO. LTD.

(Incorporated under the laws of the Province of Quebec)

(Pro Forma Balance Sheet as at September 1, 1968)

(after giving effect to the transactions recited in the accompanying notes)

ASSETS

CURRENT

Cash in bank	\$	1,720.32
Marketable securities at cost		
800,000 shares of Sullivan Mines Ltd.		<u>4,000,000.00</u>
	\$	<u>4,001,720.32</u>

LIABILITIES

CURRENT

Loan payable, Sullico Mines Limited	\$	20,000.00
-------------------------------------	----	-----------

CAPITAL STOCK

Authorized, issued and fully paid		
5,000,000 shares at \$ 1.00 par		
value	\$	5,000,000.00
Less: discount thereon		<u>4,508,495.00</u>
		491,505.00
Retained earnings	<u>3,490,215.32</u>	<u>3,981,720.32</u>
	\$	<u>4,001,720.32</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

Andy Beauchamp Director  
James H. H. Director

Montreal, October 27, 1968

HASTINGS MINING AND DEVELOPMENT CO. LTD.

NOTES TO PRO FORMA BALANCE SHEET

AS AT SEPTEMBER 1, 1968

- 1.- The pro forma balance sheet as at September 1, 1968 gives effect as of that date to:
  - a) The liquidation and winding-up of Solbec Copper Mines, Ltd.
  - b) The sale to Sullivan Consolidated Mines Limited of the net assets of Hastings Mining and Development Co. Ltd. (excluding cash) as of September 1, 1968, after the acquisition by Hastings Mining and Development Co. Ltd. of the net assets of Solbec Copper Mines, Ltd., its fully owned subsidiary.



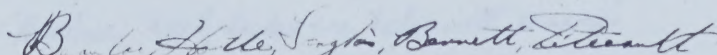
- c) The payment by Sullivan Consolidated Mines Limited of \$ 3,854,505.61 for the net assets representing total assets (excluding cash) less total liabilities of Hastings Mining and Development Co. Ltd. as at August 31, 1968. Sullivan Consolidated Mines Limited also undertakes to indemnify Hastings Mining and Development Co. Ltd. and Solbec Copper Mines, Ltd. and their Directors against all claims, adjustments, or additional liabilities which could affect the global amount payable for the net assets of the above mentioned companies.
  - d) The subscription by Hastings Mining and Development Co. Ltd. for 800,000 shares without par value of the capital stock of Sullivan Mines, Ltd. at the price of \$ 5.00 per share payable cash on or before November 30, 1968.
  - e) The transactions contemplated in paragraph C and D above are subject to obtaining the required letters patent changing the name of Sullivan Consolidated Mines Limited to Sullivan Mines Ltd. and converting and increasing the capital stock of the said company. The same transactions are also subject to obtaining the approval and ratification by the shareholders of the companies concerned as well as the approval where relevant of the appropriate Security Commissions and Stock Exchanges.
  - f) Any further adjustment or other contingent liabilities affecting the aggregate amount referred above shall at all times be for the account of Sullivan.
  - g) A loan of \$ 20,000.00 to be made by Sullico Mines Ltd. to Hastings Mining and Development Co. Ltd.
- 2.- Contingent liabilities. The Company has received an assessment for additional tax on capital amounting to \$ 6,832.00. This assessment is being contested and no provision has been made in the accounts for this amount.
- 3.- By-law No. 8 authorizing the Company to distribute all of its assets to its shareholders proportionately to their holdings in the Company, and by-law No. 9 authorizing the surrender of the Charter of the Company, have been approved by the Directors of the Company at a meeting held on the 18th day of October 1968 and are to be ratified by the shareholders at a special general meeting called for that purpose to be held on November 21, 1968.

#### AUDITORS' REPORT

TO THE DIRECTORS'  
Hastings Mining and Development Co. Ltd.,  
Montreal, P.Q.

We have examined the pro-forma balance sheet of HASTINGS MINING AND DEVELOPMENT CO. LTD. as at September 1, 1968 and have obtained all the information and explanations we have required. Our examination of the consolidated financial statements of Hastings Mining and Development Co. Ltd. and its fully owned subsidiary Solbec Copper Mines, Ltd., of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the pro-forma balance sheet of Hastings Mining and Development Co. Ltd., when read in conjunction with the notes thereto, presents fairly the financial position of the company as at September 1, 1968 after giving effect to the transactions set forth in the notes to the balance sheet.

  
BEAULAC, HOTTE, LANGLOIS, BENNETT, TETREAU  
Chartered Accountants

Montreal, October 27, 1968



Pro Forma Balance Sheet  
as at September 1, 1968

(after giving effect to the transactions recited in the accompanying notes,

A S S E T S

CURRENT ASSETS:

Cash on hand, in bank and demand deposit \$ 183,975  
Time deposits and accrued interest 1,060,830  
Marketable securities at market value:  
Bonds 1,643,746  
Shares 9,200  
Receivable under Emergency Gold Mining Assistance Act - Estimated 29,739  
Accounts receivable:  
Current 170,145  
Others 17,711  
Accrued interest 187,856  
Concentrates valued at estimated net return under firm sales contracts, less advances thereon 23,430  
Mining, milling and refinery supplies: 1,519,694  
Valued at average cost 732,172  
Valued at possible amount of realization 41,520  
Prepaid expenses 10,534  
Special refundable tax 22,247

INVESTMENT IN AFFILIATED COMPANIES:

Listed shares at market value 13,518,334  
Shares valued as per shareholders' equity shown on audited balance sheet as at August 31, 1968 - Cupra Mines Ltd. 1,207,147  
Other shares and debentures at cost 928,872  
Loans and advances 3,924,519

MORTGAGES RECEIVABLE AND OTHER SECURITIES

FIXED ASSETS:

Mining properties at cost 96,136  
Buildings, plant and equipment at cost acquired from Hastings Mining and Development Co. Ltd. 404,130  
Buildings, plant and equipment at cost reduced by proceeds of sales, less accumulated depreciation of \$2,090,111 88,410  
Office equipment at cost, less accumulated depreciation of \$17,648 17,883

OUTSIDE EXPLORATION EXPENDITURES, LESS AMOUNTS WRITTEN OFF

238,093

\$25,940,920

L I A B I L I T I E S

CURRENT LIABILITIES:

Accounts payable and accrued expenses \$ 138,386  
Wages payable 27,190  
Provision for income taxes and Quebec Mining profits tax, less instalments thereon 527,074  
Unclaimed dividends 11,413

1,104,065

CAPITAL STOCK:

Authorized - 5,000,000 shares without par value  
Issued and fully paid - 4,800,000 shares 8,000,000

RETAINED EARNINGS

4,263,219

UNREALIZED APPRECIATION ON INVESTMENTS

16,836,855

24,836,855

\$25,940,920

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

The accompanying notes form an integral part of this statement.

*John P. Sullivan* *André Deschênes*



NOTES TO PRO FORMA BALANCE SHEET AS AT SEPTEMBER 1, 1968

Note 1

The pro forma balance sheet gives effect to:

- A. Conversion of the 4,000,000 common shares of \$1 par value of Sullivan Consolidated Mines Limited into 4,000,000 shares without par value.
- B. Increase in the authorized capital of Sullivan Consolidated Mines Limited by the creation of 1,000,000 additional shares without par value ranking equally with the new 4,000,000 shares without par value.
- C. Change in the name of the Company from Sullivan Consolidated Mines Limited to Sullivan Mines Ltd. - Les Mines Sullivan Ltée.
- D. The purchase by Sullivan Consolidated Mines Limited of the net assets of Hastings Mining and Development Co. Ltd. (excluding cash) as of September 1, 1968, after the acquisition by Hastings of the net assets of Solbec Copper Mines Ltd., a fully owned subsidiary of Hastings.  
The payment by Sullivan Consolidated Mines Limited of \$3,854,506 for the net assets representing total assets (excluding cash) less total liabilities of Hastings as at August 31, 1968. Sullivan will also undertake to indemnify Hastings and Solbec and their directors against all claims, adjustments or additional liabilities which could affect the global amount payable for the net assets of the above-mentioned companies.
- E. The purchase by Hastings Mining and Development Co. Ltd. of 800,000 new shares without par value of Sullivan Consolidated Mines Limited at \$5 a share for the total sum of \$4,000,000 payable on or before November 30, 1968.

All of the above transactions are subject to obtaining the required supplementary letters patent and the approval and ratification by the shareholders of the companies concerned as well as the approval where relevant of the appropriate Security Commissions and Stock Exchanges.

Note 2

Contingent liabilities:

Sullivan Consolidated Mines Limited is contesting assessments for additional tax on capital totaling \$56,122 for which no provision has been made in the balance sheet.

AUDITORS' REPORT

To the Directors,  
Sullivan Consolidated Mines Limited.

We have examined the pro forma balance sheet of Sullivan Mines Ltd. - Les Mines Sullivan Ltée as at September 1, 1968 and have obtained all the information and explanations we have required. Our examination of the financial statements of Sullivan Consolidated Mines Limited, of which company we are the auditors, included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We have relied on the reports of the auditors who have examined the financial statements of Hastings Mining and Development Co. Ltd. and Solbec Copper Mines Ltd. as at August 31, 1968.

In our opinion, the pro forma balance sheet of Sullivan Mines Ltd. - Les Mines Sullivan Ltée, when read in conjunction with the notes thereto, presents fairly the financial position of the company as at September 1, 1968 after giving effect to the transactions set forth in Note 1 to the balance sheet.

Respectfully submitted,

*Maher, Neil, Anderson, Valiquette & Associates*

Chartered Accountants.



# ENGINEER'S REPORT

NOTE-The following is a summary from a report by J.E. Gill, dated October 11th, 1968, on mining claims located in Stratford Township, Quebec. A complete copy of this report is on file with the Toronto Stock Exchange.

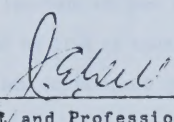
## SUMMARY

The Solbec orebodies have been delimited by drilling to a point where it is certain that persistence laterally or at depth is ruled out for all practical purposes. Recurrence of ore at greater depth is possible, but \$186,000 has been spent for the sole purpose of seeking extensions and the decision to stop at this point is, I think, justifiable.

The claim groups have been searched fairly thoroughly from the surface, using geological, geophysical and geochemical methods, followed by diamond drilling. Total expenditures on this work have been \$190,000 in round numbers, including \$150,000 spent on diamond drilling. No ore has been found, other than the original Solbec Zone, and it appears to me unlikely that any occurs near the surface. A closer study of the structure of the volcanics might provide useful guides for further drilling, but there is no guarantee that such a project would be successful.

Ore reserves have been estimated to be 247,450 tons with an average grade of 1.18% Cu, 4.05% Zn, 1.02% Pb, .03 oz. per ton Au, and 2.3 oz. per ton Ag. In the waning stages some parts will inevitably be left. Probably only 200,000 tons will be treated unless some unexpected new sources are found.

SUBMITTED BY

  
Geologist and Professional Engineer.

Montreal, October 11th, 1968.

I declare that I am a resident of Dorval, Quebec, at 5 Lilac Avenue, that I have a B.Sc., Degree in Mining Engineering from McGill University (1921), and a Ph.D., Degree in Geology from Princeton University (1925); I am a Member in good standing of the Corporation of Professional Engineers of Quebec, and have been practicing as a consultant for forty years.

The report on the Hastings Mining and Development Company's property in Stratford township is based on personal examination of Company records at the Head Office in Montreal on October 3rd, 1968, and at Solbec Mine on October 7th, 1968.

I have no financial interest in any of the properties dealt with in this report, directly or indirectly.

  
J. E. GILL

Montreal, October 11th, 1968.



15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	SULLICO MINES LIMITED Suite 1400, 507 Place d'Armes Montreal, Quebec	2,495,395 shares
	QUEBEC LITHIUM CORPORATION Suite 1400, 507 Place d'Armes Montreal, Quebec	800,000 shares
	BARTLETT EXPLORATION & INVESTMENT CO. LTD. c/o Bank of Montreal 5333 Queen Mary Road Montreal, Quebec	307,500 shares
	SOCIETE D'ADMINISTRATION ET DE FIDUCIE ET GILLES LEGER, exécuteur testamentaire de la succession NAPOLEON LAFORTUNE 10 St. James Street West Montreal, Quebec	28,000 shares
	MORGAN, OSTIGUY, HUDON INC. 500 St. James Street West Montreal, Quebec	26,500 shares
	E. LYTON CROCKER 155 Rosewell Avenue Toronto 12, Ontario	25,500 shares
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Sullico Mines Limited and Quebec Lithium Corporation both at: Suite 1400 - 507 Place d'Armes Montreal, Quebec	
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	See Financial Statements of August 31, 1968	
18. Brief statement of any lawsuits pending or in process against company or its properties.	Nil	
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	Nil	
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	None	

#### CERTIFICATE OF THE COMPANY

DATED 24 October 1968

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"J. Beauchemin"

"A. Beauchemin"

CORPORATE  
SEAL

#### CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)



